

Message Text

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64

ORIGIN AGR-08

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P 082058Z APR 75

FM SECSTATE WASHDC

TO AMEMBASSY MOSCOW PRIORITY

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E.O. 11652 N/A

TAGS: EAGR, ETRD, UR

SUBJECT; GRAIN QUALITY TEAM

1. SUMMARY. AT REQUEST USSR TRADE OFFICE IN WASHINGTON, U.S. DEPT. AGRICULTURE PLANS SEND TECHNICAL TEAM MOSCOW ABOUT APRIL 16 OR 17 TO DISCUSS SOVIET COMPLAINTS REGARDING QUALITY U.S. CORN ARRIVING USSR. END SUMMARY.

2. NIKOLAY KRUGLOV, COMMERCIAL COUNSELOR AT THE SOVIET EMBASSY AND DEPUTY SOVIET TRADE REPRESENTATIVE IN WASHINGTON, CALLED ON RICHARD BELL, DEPUTY ASSISTANT SECRETARY OF AGRICULTURE, ON APRIL 7 TO COMPLAIN FURTHER ABOUT QUALITY OF U.S. CORN ARRIVING IN USSR UNDER CURRENT CONTRACTS BETWEEN CONTINENTAL GRAIN COMPANY, COOK INDUSTRIES AND EXPORTKHLEB. SERGEY A MKRTUMOV, COMMERCIAL MINISTER AT EMBASSY AND SOVIET TRADE REPRESENTATIVE IN WASHINGTON, CALLED ON SECRETARY BUTZ ABOUT A MONTH AGO AND MADE SIMILAR COMPLAINTS. COMPLAINTS INCLUDE INSECT INFESTATION, HIGH PERCENTAGE OF BROKEN KERNELS, FUMIGANT RESIDUES AND PIECES

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OF IRON AND GLASS IN CARGOES.

3. KRUGLOV TOLD BELL THAT PROBLEM HAD INTENSIFIED SINCE MKRTUMOV'S CALL ON SECRETARY BUTZ AND THAT END USERS IN USSR WERE ASKING EXPORTKHLEB TO TRANSFER PURCHASES OF U.S. CORN TO OTHER ORIGINS. KRUGLOV SAID FOREIGN TRADE

MINISTRY RECOMMENDS U.S. DEPT. AGRICULTURE (USDA) SEND TECHNICAL TEAM TO MOSCOW TO REVIEW GRAIN QUALITY PROBLEMS WITH SOVIET AUTHORITIES AND HOPEFULLY WORK OUT SOLUTION. KRUGLOV IMPLIED FAILURE TO RESOLVE QUALITY PROBLEMS COULD JEOPARDIZE LONG-TERM MARKET POTENTIAL FOR U.S. CORN IN USSR. KRUGLOV SAID SOVIET AUTHORITIES RECOMMENDED TEAM ARRIVE DURING FIRST DECADE OF APRIL.

4. BELL ADVISED KRUGLOV THAT USDA VERY MUCH AWARE POOR QUALITY 1974 U.S. CORN CROP AND COMPLAINTS ABOUT EXCESSIVE KERNEL BREAKAGE WERE BEING RECEIVED FROM OTHER EXPORT MARKETS, PARTICULARLY THOSE IN WESTERN EUROPE. BELL EXPLAINED THAT 1974 CROP WAS POOREST QUALITY CROP SINCE 1969 AND POOR QUALITY WAS CAUSED BY EXCESSIVE RAIN AT HARVEST AND NEED BY FARMERS AND GRAIN ELEVATOR OPERATORS TO USE ARTIFICIAL DRYING TO REDUCE MOISTURE CONTENT TO ACCEPTABLE LEVELS. ARTIFICIAL DRYING AT EXCESSIVELY HIGH TEMPERATURES OFTEN CAUSES KERNELS TO BECOME BRITTLE AND LATER BREAK DURING HANDLING. KRUGLOV SAID SOME CORN ARRIVING IN USSR HAD 35 TO 40 PERCENT BROKEN KERNELS WHILE U.S. STANDARD FOR NUMBER 3 GRADE CORN IS 4 PERCENT. BELL SAID THIS BREAKAGE UNDOUBTEDLY WAS OCCURRING AFTER GRAIN LOADED ABOARD VESSELS AND AFTER SAMPLES DRAWN FOR USDA INSPECTION AND CERTIFICATION FOR GRADE. BELL TOLD KRUGLOV THAT HE TENDED TO AGREE THAT IT WOULD BE HELPFUL TO SEND USDA TECHNICAL TEAM TO MOSCOW AND HE WOULD CONFIRM THIS IN FEW DAYS. KRUGLOV SAID USDA TEAM SHOULD BE PREPARED TO DISCUSS USE OF QUOTE 80/20 UNQUOTE AS FUMIGANT FOR GRAIN SINCE INSECT INFESTATION IS MAJOR PROBLEM AND SOVIET AUTHORITIES HAVE NOT YET ACCEPTED QUOTE 80/20 UNQUOTE AS SAFE FUMIGANT. BELL TOLD KRUGLOV THAT EARLIEST POSSIBLE DATE FOR SUCH TEAM TO ARRIVE MOSCOW WOULD BE APRIL 16 OR 17 SINCE TIME WOULD BE REQUIRED TO ORGANIZE AND PREPARE TEAM.

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5. USDA INTENDS SEND TECHNICAL TEAM TO MOSCOW HEADED BY CHARLES PENCE, DIRECTOR, INTERNATIONAL GRAIN MARKETING, FOREIGN AGRICULTURAL SERVICE AND REPRESENTATIVES FROM USDA'S AGRICULTURE MARKETING SERVICE (RESPONSIBLE FOR GRAIN INSPECTION), ANIMAL AND PLANT HEALTH INSPECTION SERVICE (RESPONSIBLE FOR PHYTOSANITARY INSPECTION) AND AGRICULTURAL RESERVE SERVICE (RESPONSIBLE FOR WORK

RELATED TO USE OF FUMIGANTS). CONTINENTAL AND COOK
EXPORT FIRMS ALSO WILL BE INVITED SEND ONE TECHNICAL
EXPERT EACHMAKING TOTAL TEAM OF SIX. USDA HOPES TEAM
CAN ARRIVE MOSCOW APRIL 16 OR 17 AND REMAIN THERE 7 TO 10
DAYS. USDA WILL WORK ON ARRANGEMENTS THROUGH USSR TRADE
OFFICE IN WASHINGTON BUT KEEP EMBASSY INFORMED. USDA
SUGGESTS AG ATT PASS THIS INFO TO PERSHIN OF EXPORTKHLEB. KISSINGER

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